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TAGS: [EFIN](#) [KDEM](#) [PGOV](#) [HO](#)  
SUBJECT: TFH01: FOLLOW-UP REPORT ON BANK ACCOUNT FREEZES

REF: A. TEGUCIGALPA 611  
[1](#)B. TEGUCIGALPA 579

[1](#)1. (U) Summary: Ref A reported rumors, none of which Post was able to confirm of banks closing the personal accounts of people associated with the Zelaya administration and their families. Further investigation has confirmed that there was no/no wholesale freezing of accounts and that the banks have been acting on the basis of the international anti-money laundering standards. A separate investigation of payment problems of the de facto government showed that the government's financial system (SIAFI) was shut down for three days after the coup and was not fully operational for some time after that as the Minister of Finance required re-authorization of the system users. End Summary.

[1](#)2. (SBU) Treasury Advisors from the Office of Technical Assistance met July 22 with Maria Lidya Solano, head of the Honduran Bankers Association (AHIBA), to follow up on reports of disruptions to the financial system following the June 28 coup. A preliminary investigation (ref A) indicated rumors that banks were freezing accounts of people associated with deposed President Manuel "Mel" Zelaya were probably not true. Solano added some perspective, noting that the Honduran banking system is characterized by many large, atypical cash transactions, which compliance officers are required by law to report to the Financial Intelligence Unit (FIU) at National Banking and Insurance Commission (CNBS). The FIU must immediately advise the Attorney General's Office of suspicious transactions. The AG's Office can then freeze accounts for up to three days, after which it must release the account unless it has obtained a court order to freeze the account indefinitely.

[1](#)3. (SBU) Solano explained that during the period immediately after the coup, the normally large volume of suspicious transactions increased, and she was meeting with compliance officers twice a week instead of every other week as usual. (Comment: one compliance officer was fired for not appropriately notifying FIU of a suspicious transaction. End Comment.). The Treasury Advisors confirmed that OTA Financial Crimes unit assisted CNBS in developing the money laundering law (Decree No. 45-2002). The head of the Financial Crimes unit also sent us a draft copy of the World Bank's Assessment Report on Anti-money Laundering and Combating the Financing of Terrorism for Honduras, which stated "Important progress has been achieved in compliance in the banking sector. The banking sector has the highest level of compliance especially for new customers."

[1](#)4. (SBU) Treasury advisors also spoke with compliance managers/officers at some major banks -- Atlantida, Occidente and Ficohsa. The banks confirmed that they were following the legal process and that there always is a large volume of

atypical transactions which trigger notification to the FIU. They were reluctant, however, to be very specific about changes in volumes at the time of the coup because of bank secrecy laws. The compliance manager at Banco Atlantida (also President of AHIBA's Compliance Committee) said that Atlantida had not closed any accounts and, based on conversations with other compliance officers, was not aware of any other freezing of accounts.

15. (U) Additionally, the Treasury advisors have learned that the SIAFI problems probably arose because, after shutting down the system for three days to stop the unauthorized outflow of funds, de facto Finance Minister Gabriela Nunez required each government organization on the SIAFI system to confirm the authorized users that are allowed to enter SIAFI and to make payments and authorize transfers. Not all government organizations have complied with this requirement, which may explain why a number of payments have not been made on time, which may have caused some bank customers to inadvertently overdraw their accounts.

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